



## Do You Have a Medigap Policy with Prescription Drug Coverage?

If you have a Medigap (Medicare Supplement Insurance) policy with prescription drug coverage, **you will need to make some decisions about how you want to get your prescription drug coverage in the future.** Medicare offers prescription drug coverage to all people with Medicare. Because of Medicare prescription drug coverage, the rules about prescription drug coverage under Medigap policies have changed.

### Here's What You Need To Know

#### What is a Medicare prescription drug plan?

A Medicare prescription drug plan is a stand-alone drug plan, offered by insurers and other private companies that contract with Medicare to help people with Medicare pay for their prescription drugs.

#### Do I have to enroll in a Medicare prescription drug plan?

No, it's your choice whether to enroll in a Medicare prescription drug plan.

In most cases, the next chance you have to enroll is November 15–December 31 of each year, for coverage that begins January 1 of the following year. You may have to pay a higher premium that includes a penalty (see below). You will have to pay this penalty as long as you have Medicare prescription drug coverage.

#### If I'm happy with the Medigap prescription drug coverage that I have now, why should I think about switching to a Medicare prescription drug plan?

There are two important reasons to think about switching to a Medicare prescription drug plan. First, in almost every case, enrolling in a Medicare prescription drug plan will save you money. Today you pay 100% of the premiums for your Medigap policy, including the drug coverage. If you enroll in a Medicare prescription drug plan, Medicare will pay the Medicare prescription drug plan an average of 75% of the total premium cost for standard coverage. Depending on the Medicare prescription drug plan you choose, that might be as much as \$1,300 a year that Medicare will pay for your prescription drug coverage, which Medicare won't pay for your drug coverage under your Medigap policy.



**If I'm happy with the Medigap prescription drug coverage that I have now, why should I think about switching to a Medicare prescription drug plan? (continued)**

Second, your overall coverage for prescription drugs will probably be better. This is because, on average, the prescription drug benefits in most Medigap policies don't cover as much as a standard Medicare prescription drug plan will cover. Whether your overall coverage for prescription drugs will be better under a Medicare prescription drug plan than under your Medigap policy depends on the prescription drug coverage offered by your Medigap policy, the coverage offered by the Medicare prescription drug plan you are considering, and the type and amount of drugs you need.

You should have received a detailed notice from your Medigap insurance company telling you if your Medigap policy's prescription drug benefit will or will not, on average, pay out in benefits at least as much as a standard Medicare prescription drug plan will pay out. **If your Medigap policy, won't, on average, pay as much as Medicare, and you have no other prescription drug coverage that does, you will have to pay a penalty for a Medicare prescription drug plan.** Your premium will go up at least 1% per month for each month that you could have enrolled, but didn't.

As long as you have Medigap prescription drug coverage, you will get a similar notice from your Medigap insurance company every year by November 15. If you can't find your copy, ask your Medigap insurance company for another one. Read it carefully before making any decisions.

**Can I keep the Medigap policy that I have now?**

Yes, you can keep the Medigap policy that you have now, including the prescription drug coverage, if you decide not to enroll in a Medicare prescription drug plan. Your insurance company can't cancel it. Since no new Medigap policies with prescription drug coverage can be sold, this could cause the premium for your Medigap policy to increase faster than it would otherwise if your Medigap policy includes benefits for prescription drugs. If you would like to know more about how these changes will affect your future premiums, please contact your Medigap insurance company.

**What are my choices for getting prescription drug coverage?**

On the next page you will find a brief overview of your options. **It is important to know that you can't have prescription drug coverage under both a Medigap policy and a Medicare prescription drug plan at the same time.**



## **An Overview of Your Options for Getting Prescription Drug Coverage**

**OPTION 1: Enroll in a Medicare prescription drug plan and keep the Medigap policy you have now, but without the prescription drug coverage.**

If you choose to enroll in a Medicare prescription drug plan, you can keep the Medigap policy you have now, with the prescription drug coverage removed. You will need to tell your Medigap insurance company when your new Medicare prescription drug plan starts, so it can remove the prescription drug coverage from your Medigap policy at that time and adjust your premium.

**OPTION 2: Enroll in a Medicare Health Plan that includes prescription drug coverage.**

If you enroll in a Medicare Health Plan (such as a Health Maintenance Organization (HMO), Preferred Provider Organization (PPO), or Private Fee-for-Service (PFFS) Plan) that offers prescription drug coverage, you will get all your health care coverage, including prescription drug coverage, from that plan. If you join a Medicare Health Plan, you won't need your Medigap policy because it can't pay any copayments or deductibles under your Medicare Health Plan. But if you drop your Medigap policy, you can never get back your Medigap drug coverage. As with enrollment in a Medicare drug plan, you should be aware that the times of year when you can join a Medicare Health Plan are limited. Also, depending on the circumstances, you may have certain rights to buy a Medigap policy, without prescription drug coverage, if your coverage through a Medicare Health Plan ends or you decide to leave the plan during your first year of enrollment.

**OPTION 3: Keep the Medigap policy you have now with the prescription drug coverage included.**

If you choose this option, you don't need to do anything. However, as explained above, you should find out how your Medigap premium might be affected, you will probably have to pay higher premiums for the Medicare prescription drug plan if you decide to enroll in one later.

**OPTION 4: Check with your state insurance department to find out what other choices you may have.**

Some companies and some states may provide you with even more choices.



### What should I do now?

You can get more information from the sources listed below to help you decide which option meets your needs.

- To learn more about Medicare prescription drug plans and Medicare Health Plans, including which plans are available in your area
  - Visit [www.medicare.gov](http://www.medicare.gov) on the web, to find information on the plans available in your area.
  - Read “Medicare & You” (This handbook is mailed to people with Medicare every year.)
  - Call 1-800-MEDICARE (1-800-633-4227). TTY users should call 1-877-486-2048.
- To learn more about your current Medigap policy and the other Medigap policies it may offer, contact your current Medigap insurance company.
- To get free health insurance counseling and information about the options available in your state, contact your State Health Insurance Assistance Program (SHIP). You can get their telephone number by calling 1-800-MEDICARE (1-800-633-4227). TTY users should call 1-877-486-2048. The SHIP has counselors who know about Medigap coverage and about Medicare prescription drug plans that are offered in your area.